



# House of Representatives

General Assembly

**File No. 188**

February Session, 2026

Substitute House Bill No. 5265

*House of Representatives, March 26, 2026*

The Committee on Insurance and Real Estate reported through REP. WOOD of the 29th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING COURT-ORDERED ACCOUNTINGS OF COMMON INTEREST COMMUNITY FINANCIAL RECORDS AND REVISING THE DISCLOSURE REQUIREMENTS RELATING TO COMMON INTEREST COMMUNITIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2026*) (a) Notwithstanding any  
2 provision of the declaration or bylaws to the contrary and except as  
3 provided in subsection (c) of section 47-260 of the general statutes, any  
4 group of unit owners of units to which at least twenty per cent of the  
5 votes in the association are allocated pursuant to the declaration may  
6 petition the Superior Court for an order directing such association to  
7 retain an independent third party to conduct an audit of such  
8 association's financial records retained by such association pursuant to  
9 the provisions of subsection (a) of section 47-260 of the general statutes  
10 that are related to such association's expenditures and any other  
11 financial matters, provided such group of unit owners satisfies the  
12 following conditions:

13 (1) Such group of unit owners certifies in writing that a good faith  
14 belief exists in grounds for an audit of such association's financial

15 records;

16 (2) Such group of unit owners obtains a signed opinion of an  
17 independent certified public accountant who specializes in fraud or  
18 financial forensics that there appears to be evidence of financial fraud or  
19 misuse of such association's funds. Such signed opinion shall identify  
20 the basis for the formation of such opinion;

21 (3) Such group of unit owners certifies in such petition to such group  
22 of unit owner's ownership of units to which at least twenty per cent of  
23 the votes in such association are allocated pursuant to the declaration  
24 and attaches to such petition a certified copy of the allocation of the  
25 votes from the declaration as recorded; and

26 (4) No such audit has been completed during the immediately  
27 preceding twelve months from the date such group of unit owners filed  
28 such petition for an audit of such association's financial records.

29 (b) Any expenses associated with the completion of an audit by an  
30 independent third party of an association's financial records pursuant  
31 to the provisions of subsection (a) of this section shall be paid for by the  
32 group of unit owners who filed such petition for an audit of such  
33 association's financial records.

34 (c) Any association or community association manager who provides  
35 association management services for such association may charge a  
36 reasonable fee to the group of unit owners for providing such  
37 association's financial records to an independent third party pursuant  
38 to the provisions of this section. For the purposes of this subsection,  
39 "association management services" and "community association  
40 manager" have the same meanings as provided in section 20-450 of the  
41 general statutes.

42 (d) Any association may be entitled to reasonable attorney's fees  
43 incurred by the association pursuant to the provisions of this section.

44 Sec. 2. Subparagraph (B) of subdivision (2) of subsection (d) of section  
45 20-327b of the 2026 supplement to the general statutes is repealed and

46 the following is substituted in lieu thereof (*Effective October 1, 2026*):

47 (B) A subsection entitled "General Information"

48 (i) Indicate the YEAR the structure was built:

49 (ii) Indicate HOW LONG you have occupied the property: If not  
50 applicable, indicate with N/A.

51 (iii) Does anyone else claim to own any part of your property,  
52 including, but not limited to, any encroachment(s)? If YES, explain:

53 (iv) Does anyone other than you have or claim to have any right to  
54 use any part of your property, including, but not limited to, any  
55 easement or right-of-way? If YES, explain:

56 (v) Is the property in a flood hazard area or an inland wetlands area?  
57 If YES, explain:

58 (vi) Are you aware of the presence of a dam on the property that has  
59 been or is required to be registered with the Department of Energy and  
60 Environmental Protection? If YES, explain:

61 (vii) Do you have any reason to believe that the municipality in which  
62 the subject property is located may impose any assessment for purposes  
63 such as sewer installation, sewer improvements, water main  
64 installation, water main improvements, sidewalks or other  
65 improvements? If YES, explain:

66 (viii) Is the property located in a municipally designated village  
67 district, municipally designated historic district or listed on the National  
68 Register of Historic Places? If YES, explain:

69 (ix) Special Statement: Information concerning village districts and  
70 historic districts may be obtained from the municipality's village or  
71 historic district commission, if applicable.

72 (x) Is the property located in a special tax district? If YES, explain:

73 (xi) Is the property subject to any type of land use restrictions, other  
74 than those contained within the property's chain of title or that are  
75 necessary to comply with state laws or municipal zoning? If YES,  
76 explain:

77 (xii) Is the property located in a common interest community? If YES,  
78 is it subject to any community or association dues or fees? Please  
79 explain:

80 (xiii) Special Statement: If the property is located in a common  
81 interest community that is comprised of more than twelve units, the  
82 buyer is advised to (I) obtain a "Resale Certificate", which shall be  
83 provided by the common interest community pursuant to state law, and  
84 (II) request from the common interest community a report of such  
85 common interest community's reserve funds. For any common interest  
86 community that is comprised of not more than twelve units and not  
87 required to provide such resale certificate, if such resale certificate is not  
88 available, the buyer should consult with trade professionals, attorneys,  
89 real estate professionals, financial analysts and residents of such  
90 common interest community for more information concerning issues  
91 that may arise with ownership in common interest communities.

92 [(xiii)] (xiv) Do you have any knowledge of prior or pending  
93 litigation, government agency or administrative actions, orders or liens  
94 on the property related to the release of any hazardous substance? If  
95 YES, explain:

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2026	New section
Sec. 2	October 1, 2026	20-327b(d)(2)(B)

**Statement of Legislative Commissioners:**  
The title was changed.

**INS** Joint Favorable Subst.

---

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

---

**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill, which allows certain groups of common interest community association unit owners to petition the Superior Court for an order directing the association to get an independent third-party audit of certain financial records, results in no fiscal impact to the state. The court system disposes of over 250,000 cases annually and the number of cases is not anticipated to be great enough to need additional resources.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

---

**OLR Bill Analysis****sHB 5265*****AN ACT CONCERNING COURT-ORDERED ACCOUNTINGS OF COMMON INTEREST COMMUNITY FINANCIAL RECORDS AND REVISING THE DISCLOSURE REQUIREMENTS RELATING TO COMMON INTEREST COMMUNITIES.*****SUMMARY**

This bill allows, under certain circumstances, a group of common interest community association unit owners (representing at least 20% of the total voting ownership) to petition the Superior Court for an order directing the association to get an independent third-party audit of certain financial records. It limits the frequency of these requests generally to no more than once per 12-month period and requires the group of unit owners to pay for related audit expenses.

The bill also expands the information on the residential condition report that a residential property seller gives to a prospective buyer. Specifically, it adds a special statement on common interest ownership that advises a buyer to ask for a resale certificate and a reserve fund report if the unit is in a community with more than 12 units or, if not, to consult with certain professionals and other unit residents about possible ownership issues.

EFFECTIVE DATE: October 1, 2026

**§ 1 — COMMON INTEREST OWNERSHIP ASSOCIATION FINANCIAL AUDIT*****Petitioning for an Audit***

The bill allows a group of unit owners in a common interest ownership community (condominiums, cooperatives, and other planned communities) to petition the Superior Court for an independent third-party audit of their association's financial records. If

the petition is granted, only certain association records are subject to the audit (see below).

Under the bill, the group of petitioning unit owners must:

1. certify in writing that a good faith belief exists for needing the audit;
2. get a signed opinion from an independent certified public accountant (CPA) specializing in fraud or forensic accounting stating that there appears to be evidence of financial fraud or abuse of the association's funds, that also includes the CPA's basis for this opinion; and
3. certify that they own units making up at least 20% of the association's votes and attach a certified copy of the vote allocation from the recorded declaration.

Additionally, to petition for an audit, a similar audit cannot have been completed during the 12 months before the date the unit owners file their petition.

Lastly, the bill requires the group of petitioning unit owners to pay any expenses associated with the audit, including any reasonable fees the association or community association manager may charge for providing financial records to the independent third-party auditor. The association is also entitled to reasonable attorney's fees incurred in this process (presumably paid for by the group of unit owners).

### ***Records Subject to Audit***

If the court requires an audit under the bill, the audit applies to the following records that a common interest community must retain:

1. detailed records of receipts and expenditures affecting the association's operation and administration and other accounting records, including records relating to any reserve accounts;
2. minutes of unit owner and executive board meetings other than

- 
- executive sessions, records of actions taken without a meeting, and records of actions taken by a committee on the association's behalf;
3. the names of unit owners and number of votes each may cast;
  4. the association's original or restated organizational documents, if required by law other than the Connecticut Common Interest Ownership Act (CIOA, see BACKGROUND – *Common Interest Ownership Act*), bylaws and all their amendments, and all rules currently in effect;
  5. the association's financial statements and tax returns for the past three years;
  6. a list of the names and addresses of the association's current executive board members and officers;
  7. the association's most recent annual report delivered to the secretary of the state, if any;
  8. financial and other records sufficiently detailed to enable the association to comply with CIOA's provision on resale of units;
  9. copies of current contracts to which the association is a party;
  10. records of executive board or committee actions to approve or deny any requests for design or architectural approval from unit owners; and
  11. ballots, proxies, and other records related to voting by unit owners for one year after the election, action, or vote to which they relate (CGS § 47-260(a)).

***Association Records Not Subject to Audit***

The bill's audit provisions do not apply to the following records retained by an association that the law requires to be withheld from inspection and copying:



1. individuals' personnel, salary, and medical records unless waived by the subject of the record;
2. unredacted paper or electronic ballots, unredacted proxy forms, and other unredacted records that identify a unit owner's vote; and
3. information if its disclosure would violate any law other than CIOA (CGS § 47-260(c)).

## § 2 — ADDITION TO RESIDENTIAL CONDITION REPORT

By law, a person selling residential property must give a prospective buyer a written property condition report that is set out in the Uniform Property Condition Disclosure Act (see BACKGROUND — *Uniform Property Condition Disclosure Act*). On the report, the seller must answer questions on whether the property is in a common interest ownership community, and if so, if the property is subject to any association dues or fees. The bill adds a special statement about common interest ownership immediately following those questions that advises the buyer to:

1. if the unit is in a common interest community with more than 12 units, ask for a (a) resale certificate and (b) report of the community's reserve funds; and
2. if the property is in a common interest community with 12 or fewer units or does not keep a resale certificate, consult with certain professionals (such as trade professionals, attorneys, real estate professionals, or financial analysts) and other community residents for information concerning issues that may arise with ownership within the common interest community (under existing law, communities with 12 or fewer units are not required to prepare resale certificates).

## BACKGROUND

### ***Common Interest Ownership Act***

The Common Interest Ownership Act governs the creation,

---

alteration, management, termination, and sale of common interest communities (condominiums, cooperatives, and other planned communities) formed in Connecticut after January 1, 1984 (CGS § 47-200 et seq.). In addition to owning their units, condominium unit owners also have an ownership interest in the areas common to all unit owners (for example, the building’s lobby, grounds, and electrical systems). Unit owners, through the association of unit owners, are jointly responsible for the maintenance and operation of commonly held areas and facilities.

**Uniform Property Condition Disclosure Act**

The Uniform Property Condition Disclosure Act (CGS § 20-327b) requires a residential property seller to give a residential property condition report to the prospective buyer before the prospective buyer executes any binder, contract to purchase, option, or lease with a purchase option. The Department of Consumer Protection commissioner sets this form.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 13 Nay 0 (03/12/2026)